



Wespath

BENEFITS | INVESTMENTS

OCTOBER 2017

'Benefits-Related' Annual Conference Assets

AUMCPBO

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'Benefits-Earmarked' Assets

Possible methods for annual conferences to protect assets earmarked for “benefits purposes”

Protect assets from whom?

- Judgment creditors of the annual conference
- Claimants/factions/competing needs within the annual conference

Possible Approaches

1



Annual Conference
Policy/Rule

2



Separately
Incorporate CBOP

3



Irrevocable Trust by
Annual Conference

4



Wespath Deposit
Accounts

5



New Idea: Prototype
Trust—Wespath

6



Wespath's Pension
Trust (Pre-82 Assets)

Bonus



Liability Insurance

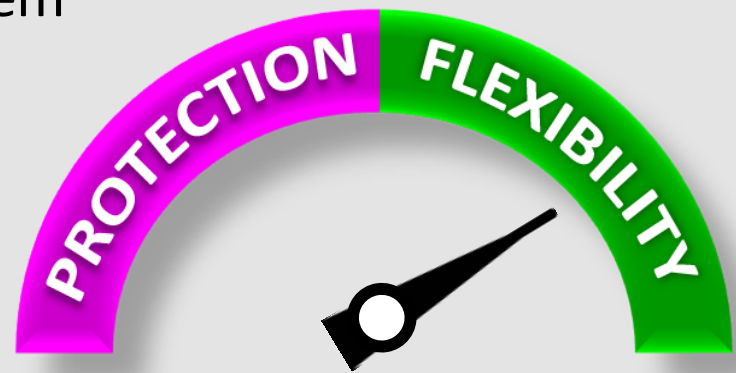
Option 1



Annual Conference Policy/Rule

Create a financial reserve or budget item to set money aside for benefit plan purposes through CBOP action or annual conference resolution

- Not effective against judgment creditors
- Internal claimants could change decision in the future

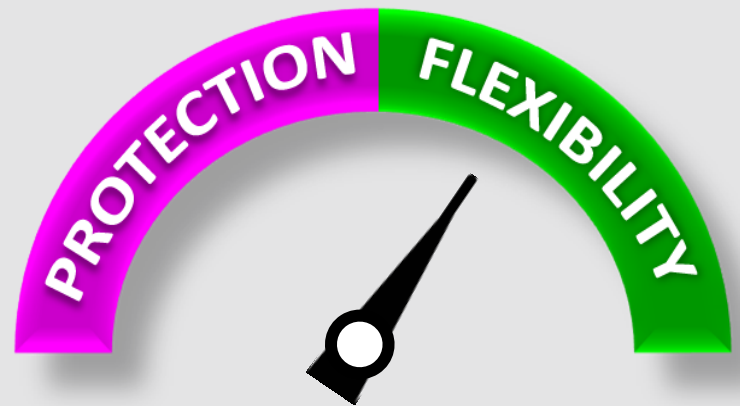


Option 2



Separately Incorporate CBOP

- Benefits assets held by CBOP
- CBOP separate legal entity from annual conference
- Assets *possibly* beyond reach of annual conference creditors
 - But “piercing the corporate veil”

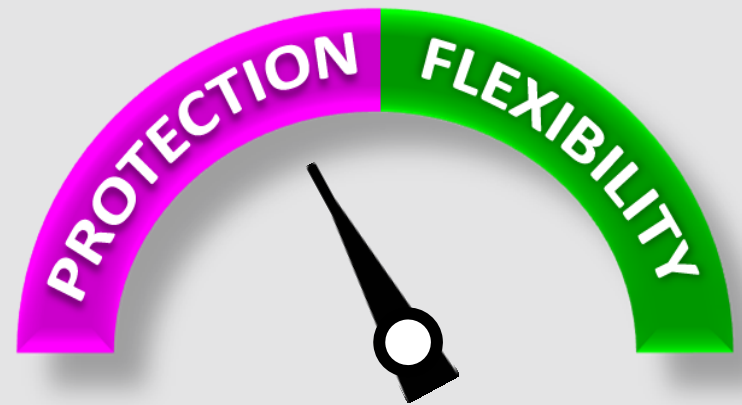


Option 3



Establish an Irrevocable Trust

- State law: “Settlor” (grantor) creates for beneficiary(ies)*
- Identify a “trustee” (not settlor)
- Tax-exempt under §501(c)(3)
- Assets cannot revert to settlor until all beneficiaries no longer exist



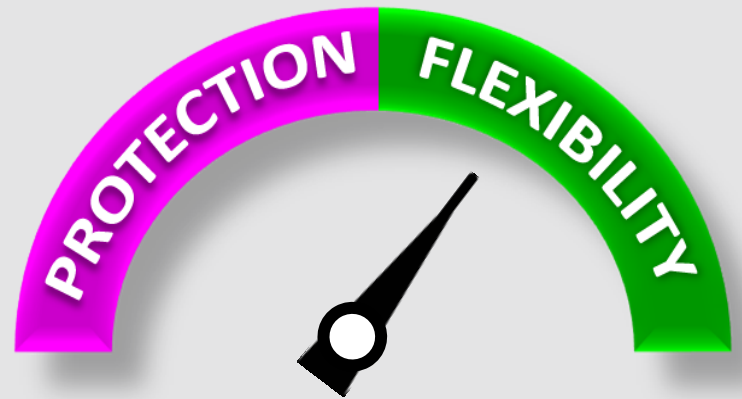
* Beneficiaries could be, e.g., retired clergy, named benefit plans or both.

Option 4



Wespath Deposit Accounts

- Withdrawal requests made only by authorized individuals
- Courts or internal claimants could force authorized person to make a withdrawal

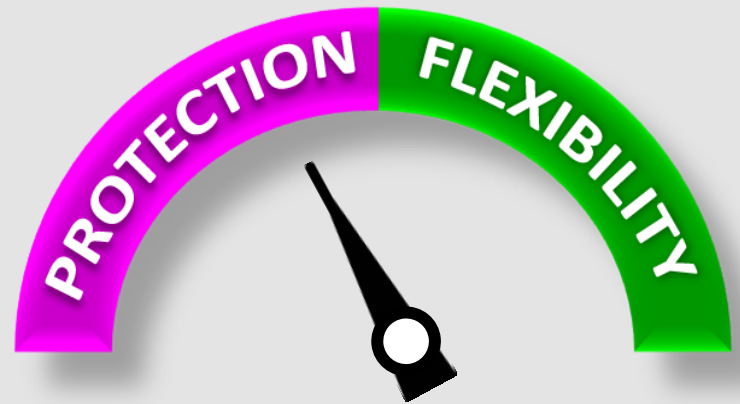


Option 5



New Idea: 'Prototype' Trust

- Wespath analyzing concept
- Model/Template irrevocable trust for conferences
- Conferences can choose some trust provisions
- Separate trustee(s)
- Tax-exempt under §501(c)(3)
- Wespath can custody and invest the assets at settlor's direction



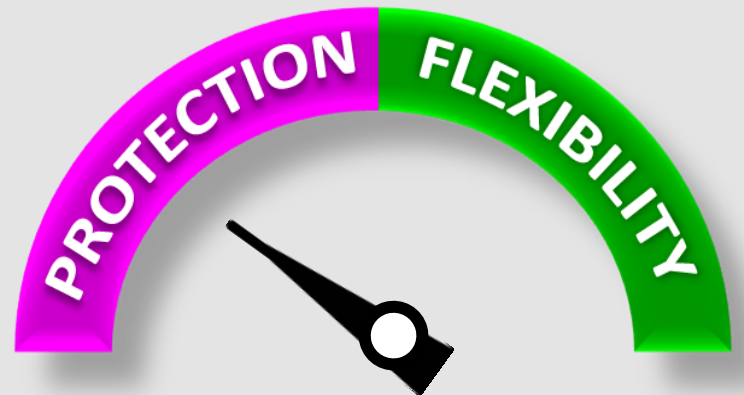
Option 6



Wespath's Pension Trust (Pre-82 Assets)

Contribute Pre-82 earmarked assets to the Pension Trust

- Assets protected by state and federal laws
- 2021 full-funding date approaching
- **Some Flexibility:** Redirection of Pre-82 surplus assets to other plan components within Pension Trust



Bonus



Liability Insurance

Examples: Directors and officers; asset management; fiduciary liability

- May protect from large judgments
- Insurance professional conducts risk assessment
- Can be expensive
- Gaps in coverage could exist
- Won't guard against internal competing claimants



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